

AGREEMENT

POWER SERVICE

CITY OF OLIVE HILL, KENTUCKY

AND

KENTUCKY POWER COMPANY

1964

THIS AGREEMENT made and entered into as of this 25th day of June, 1964, by and between KENTUCKY POWER COMPANY (hereafter called "Company"), a corporation organized and existing under and by virtue of the laws of the State of Kentucky, and the CITY OF OLIVE HILL, KENTUCKY (hereafter called "Customer"), a corporation organized and existing under and by virtue of the laws of the State of Kentucky;

WITNESSETH: For and in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereof, the parties hereto agree with each other as follows:

1. During the term of this agreement the Company agrees to furnish and sell to the Customer, subject to Company's standard Terms and Conditions of Service regularly filed with the Public Service Commission of Kentucky not inconsistent with the provisions of this agreement, and the Customer agrees to take from the Company and pay for all the electric energy, subject to the limitations on capacity set forth in Section 4 hereof, required by the Customer for its own uses and for sale to its consumers.

2. This agreement shall become effective on the first day of the first calendar month following the day first above written and shall continue in full force and effect for an initial period of ten years and thereafter for successive periods of two years each until terminated at the expiration of the initial period, or at the expiration of any successive period, by written notice given by either party to the other at least two years prior to the proposed date of termination. Any prior agreement between the parties for the sale and purchase of electric energy shall terminate as of the effective date of this agreement.

3. The electric energy delivered hereunder shall be alternating current at approximately 4,160 volts and it shall be delivered at the Company's Olive Hill station located adjacent to General Refractories Plant in the City of Olive Hill, which point shall constitute the point of delivery under this agreement.

The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency and it shall be measured by 4,160 volt metering equipment owned and installed by the Company and located at Company's Olive Hill station.

4. The capacity available to the Customer is hereby fixed at 2250 kilowatts. It is agreed if the requirements of the Customer should exceed 2250 kilowatts the parties will negotiate for the additional capacity required.

5. Customer agrees to pay the Company monthly for electric energy delivered hereunder at the following rate:

RATE

Primary Portion:

For each KW of monthly billing demand as determined below\$3.25

The Customer shall be allowed 250 KWH for each Kw of monthly billing demand billed hereunder.

Secondary Portion:

For energy in excess of 250 KWH per Kw of monthly billing demand\$.006 per KWH

Reactive Demand Charge:

For each Kvar of lagging reactive demand in excess of 50% of the KW of monthly billing demand\$.25 per Kvar

FUEL CLAUSE

This rate is based upon the weighted average cost of fuel of Kentucky Power Company's Big Sandy Plant.

If during any monthly period such average cost is above 16.1 cents per 1,000,000 BTU, by at least .5 cent, an additional charge during the second month thereafter will be made on the actual kWhrs used during said second month at the rate of .005 cent per kWhr for each full .5 cent increase in the cost of fuel above 16.1 cents per 1,000,000 BTU.

If during any monthly period such average cost is less than 16.1 cents per 1,000,000 BTU, by at least .5 cent, the bill rendered to the Customer for the second succeeding month shall be decreased by an amount equal to the actual kWhrs used during said second month multiplied by .005 cent per kWhr for each full .5 cent decrease in the cost of fuel below 16.1 cents per 1,000,000 BTU.

BILLING DEMAND

The billing demand in kw shall be taken each month as the highest single 30-minute integrated peak in kw as registered during the month by a demand meter or indicator, or, at the Company's option, as the highest registration of a thermal type demand meter or indicator, but the monthly billing demand so established shall in no event be less than 60% of the contract capacity of the Customer, nor less than 1,000 kw.

The reactive demand in kvars shall be taken each month as the highest single 30-minute integrated peak in kvars as registered during the month by a demand meter or indicator, or, at the Company's option, as the highest registration of a thermal type demand meter or indicator.

CONTRACT CAPACITY FOR DETERMINING MINIMUM MONTHLY BILLING DEMAND

The contract capacity in kilowatts for determining minimum monthly billing demand shall be as follows: For the first year of the term hereof, the contract capacity shall be 1300 KW. The contract capacity for each succeeding year shall be the highest KW billing demand established during the term of the agreement up to the end of the preceding year, adjusted to the nearest 100 KW.

MINIMUM MONTHLY CHARGE

There shall be a minimum monthly charge equal to the sum of the primary portion of the rate, the reactive demand charge, and the applicable fuel clause charges on actual KWH set forth above.

RATE (ALTERNATIVE)

If, at any time during the term hereof, loads of Customer's system and operating conditions thereof indicate that one of the Company's tariffs for similar loads for large customers, as then on file with the Public Service Commission of Kentucky and available in the vicinity of Olive Hill would be advantageous to Customer as compared to the rate, minimum charge, fuel clause, and billing demand set forth above, Company agrees to make available to the Customer rates equivalent to such filed tariff for the balance of the term hereof, upon written request of an authorized representative of the Customer.

6. Bills shall be rendered monthly. Bills rendered under this agreement are due and payable within fifteen (15) days after the date of bill, and interest at the rate of 6 per cent (6%) per annum on unpaid balances shall accrue and be payable. In the event of stoppage or failure of any meter to register the full amount of energy consumed, Customer will be billed for such period on an estimated consumption based upon its use of energy in a similar period of like use, or based upon other data available to Company.

*Adjust
each year
to apply to
July billing*

7. Company shall exercise due diligence and reasonable care and foresight to maintain continuity of service in the delivery of energy as provided under this agreement, but does not guarantee uninterrupted supply of energy and shall not be considered to be in default in respect of any obligation hereunder, if prevented from fulfilling such obligation by reason of uncontrollable forces. The term uncontrollable forces shall be deemed for the purposes of this agreement to include earthquake, storm, lightning, flood, backwater caused by flood, fire, epidemic, accident, failure of facilities, war, riot, civil disturbances, strike, labor disturbances, restraint by court or public authority, or other similar or dissimilar causes beyond the control of Company, which causes Company could not have avoided by exercise of due diligence and reasonable care. If Company is unable to fulfill any obligation by reason of uncontrollable forces, it shall exercise due diligence to remove such disability with reasonable dispatch. Nothing herein contained shall be construed as permitting Company to refuse to deliver to Customer or Customer to refuse to receive electric energy hereunder, after the cause of interruption has been removed.

8. The Company assumes no responsibility of any kind with respect to the construction, maintenance, or operation of the distribution system or other property owned or used by the Customer and shall not be liable for any loss, injury, including death, damage to or destruction of property arising out of such installation, maintenance or operation or out of any use by the Customer, and its customers, of said energy, and Customer hereby discharges Company from any such liability; and the Customer agrees to protect, indemnify, and save harmless the Company from any and all claims, demands, or actions for damage to property (including loss of use thereof) or injury (including death), made

or brought by any person, firm, or corporation in any way resulting from, growing out of, or arising in or in connection with (a) the construction, maintenance, or operation of the distribution system or other property of the Customer, or (b) the use of, misuse of or contact with the electric energy delivered hereunder after it has passed the point of delivery and while it is flowing through the lines of the Customer, is being distributed by the Customer, or is being used by the consumers served by the Customer, except where such damage or injury shall be shown to have been occasioned by the sole negligence of the Company, its agents, or employees.

9. The use by the Customer of electric energy furnished under this contract for pumping water for purposes of fire protection, shall not in any case subject the Company to any liability to the Customer or to any taxpayer, property owner, or inhabitant of Customer for damages due to a failure in the supply of such energy from whatsoever cause such interruption or deficiency may arise.

The Customer hereby undertakes and agrees to indemnify and save harmless the Company from and against all loss, cost, damage and expense and from and against any and all claims and demands therefor on account of injury to persons or property which may be caused by failure in the water supply of Customer due to interruption of or deficiency in the quantity of electric energy supplied by the Company.

10. The Company reserves the right to disconnect the Customer's wires or apparatus from its system at any time and without notice when, in its opinion, it becomes necessary in the interest of preserving or protecting life and property.

11. If the Customer shall make default in the payment of any bill as aforesaid, or shall violate any of the terms or conditions of this contract, and after such default or violation the Company shall deliver at such premises addressed to the Customer, a written notice of its intention to cut off the supply of electric energy on account of said default or violation, then the Company shall have the right to cut off such supply at the expiration of 2 days after giving such notice unless within such 2 days the Customer shall have removed such default or violation. Should the Customer continue in default or violation after service has been discontinued, the Company may continue to withhold the supply of electric energy until such time as such default in, or violation of, the terms of this agreement has been removed. Any suspension of service by the Company as provided for herein shall not terminate this contract, and the Customer hereby agrees to pay for the guaranteed minimum consumption specified herein for the period during which service is suspended, in addition to any arrears which may exist.

12. This agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.

Attest:

J. H. Via, Jr.
Assistant Secretary

KENTUCKY POWER COMPANY

By [Signature]

Division Manager

Approved By [Signature]

Vice President & General Manager

CITY OF OLIVE HILL, KENTUCKY

By [Signature]

Mayor

Attest:

Archie LeMaster
City Clerk